

Message Text

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ACTION EB-08

INFO OCT-01 AF-08 ARA-06 EUR-12 EA-07 NEA-10 ISO-00
ERDA-05 AID-05 CEA-01 CIAE-00 COME-00 DODE-00 FEAE-00
FPC-01 H-01 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01
PM-04 USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00
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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 0941

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

USINT BAGHDAD

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

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AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

USMISSION OECD PARIS

USMISSION EC BRUSSELS

AMEMBASSY ROME

C O N F I D E N T I A L VIENNA 1618

EO 11652: GDS

TAGS: ENRG, OPEC

SUBJECT: OPEC FINANCE MINISTERS MEETING, FEB. 28-MARCH 1

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1. SUMMARY. OPEC FINANCE MINISTERS MET IN VIENNA
FEB 28-MARCH 1 AND AGREED ON \$800 MILLION INCREASE
IN OPEC SPECIAL FUND. NO INFORMATION RELEASED ON
HOW NEW RESOURCES ARE TO BE USED. MINISTERS ALSO: (A)
REITERATED OPEC SUPPORT FOR UNCTAD INTEGRATED
COMMODITY PROGRAM, INCLUDING COMMON FUND; (B)

EXPRESSED STRONG SUPPORT FOR SELECTION OF SAUDI FAO REP. AL-SUDEIRI AS IFAD PRESIDENT AND OF TEHRAN AS IFAD PERMANENT SEAT; AND (C) DECIDED TO CONVENE AN EXPERTS COMMITTEE TO RECOMMEND A MECHANISM FOR AIDING OPEC COUNTRIES EXPERIENCING FINANCIAL DIFFICULTIES. IN A MARCH 1 PRESS CONFERENCE, QATARI OIL CUM FINANCE MINISTER AL-THANI PREDICTED THAT PROBLEM OF TWO-TIER OIL PRICING SYSTEM WOULD BE RESOLVED PRIOR TO JULY OIL MINISTERS'S MEETING. END SUMMARY.

2. THE FOURTH SPECIAL MEETING OF OPEC'S "MINISTERIAL COMMITTEE ON FINANCIAL AND MONETARY MATTERS" TOOK PLACE UNDER TIGHT SECURITY IN VIENNA'S HOFBURG PALACE ON FEBRUARY 28 AND MARCH 1. OF THE TWELVE MEMBER DELEGATIONS ATTENDING (LIBYA WAS INEXPLICABLY ABSENT), ELEVEN WERE HEADED BY FINANCE MINISTERS. GABON WAS REPRESENTED BY A STATE SECRETARY. OPEC SECRETARY GENERAL JAIDAH, OPEC SPECIAL FUND DIRECTOR GENERAL SHIHATA AND THEIR RESPECTIVE STAFFS ALSO PARTICIPATED.

3. THE PRINCIPAL DECISION TAKEN BY THE COMMITTEE, WHICH WAS CHAIRED BY ALGERIAN FINANCE MINISTER TEMAN, WAS TO AGREE ON AN ADDITIONAL \$800 MILLION CONTRIBUTION BY MEMBER STATES TO THE OPEC SPECIAL FUND. THE OPEC OIL MINISTERS HAD AGREED AT DOHA TO RECOMMEND SUCH AN INCREASE TO THEIR GOVERNMENTS. EMBASSY UNDERSTANDS THAT THE CONTRIBUTIONS ARE TO BE ASSESSED IN ROUGHLY SIMILAR PROPORTIONS TO THOSE FOR THE INITIAL SPECIAL FUND TRANCHE. NO
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INFORMATION WADE PUBLIC ON THE SPECIFIC
PROJECTED USES OF THESE INCREASED RESOURCES.

4. MINISTERS REITERATED OPEC SUPPORT FOR UNCTAD INTEGRATED COMMODITY PROGRAM, INCLUDING THE COMMON FUND. THEY DECIDED THAT COORDINATION AMONG OPEC COUNTRIES ON THIS MATTER WOULD BE HANDLED THROUGH THE SPECIAL FUND.

5. CONCERNING IFAD, THE MINISTERS WENT ON RECORD SUPPORTING SAUDI ARABIAN AMBASSADOR TO FAO, ABDULMOUSEN AL-SUDEIRI FOR IFAD PRESIDENT AND FAVORING TEHRAN AS THE ORGANIZATION'S PERMANENT SEAT.

6. THE COMMITTEE DECIDED TO CONVENE AN EXPERTS COMMITTEE TO RECOMMEND A MECHANISM FOR ASSISTING OPEC MEMBER COUNTRIES WHICH EXPERIENCE FINANCIAL DIFFICULTIES AS A RESULT OF ADHERING TO POLICIES CONSIDERED BENEFICIAL TO OPEC AS A WHOLE.

7. GREATEST LOCAL MEDIAL COVERAGE
OF MEETING WAS GIVEN TO MARCH 1 PRESS CONFERENCE
BY QATARI OIL AND FINANCE MINISTER AL-THANI
(REPORTED BY FBIS) IN WHICH HE PREDICTED THAT
TWO-TIER OIL PRICING PROBLEM WOULD BE RSOLVED PRIOR
TO NEXT SCHEDULED OIL MINISTERS MEETING IN JULY.
EMBASSY HAS BEEN TOLD, HOWEVER, THAT FINANCE
MINISTES COMMITTEE DID NOT DISCUSS OIL
PRICING QUESTION.

8. COPY OF OFFICIAL PRESS RELEASE ON MEETING BEING
POUCHED. BUCHANAN

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